

## FINANCIAL SERVICES REPUBLICAN MORNING CLIPS 7.17.2009

Wall Street Journal: "CIT, Clients Scramble to Secure Lifelines &hellip; Worries about the fate of CIT Group Inc. cascaded through the retail and manufacturing industries on Thursday, as companies stopped shipments and businesses worried about cash being tied up at the lender should it file for bankruptcy-court protection." Wall Street Journal, Editorial: "Signs of Capitalist Life &hellip; That lethargic patient known as the American capital market showed signs of life this week. Washington's decision to put away the defibrillator paddles and let nature take its course at CIT Group means that, finally, Beltway physicians have done no more harm. More good news came from Credit Suisse, which sold mortgage-backed securities with no government guarantees and no opinions from the credit-ratings agencies. New York Times: "With Credit Markets Still Frozen, CIT Shops for Investors &hellip; The grim news from Washington arrived Wednesday afternoon at the Fifth Avenue offices of Jeffrey M. Peek: His teetering empire, the 101-year-old CIT Group, would get no bailout this time." New York Times: "Bank of America Posts a Profit on Trading Gains &hellip; Bank of America, one of the nation's largest and most troubled banks, announced on Friday a \$3.2 billion second-quarter profit, a figure that exceeded analyst expectations." New York Times, Krugman: "The Joy of Sachs &hellip; The American economy remains in dire straits, with one worker in six unemployed or underemployed. Yet Goldman Sachs just reported record quarterly profits &mdash; and it's preparing to hand out huge bonuses, comparable to what it was paying before the crisis. What does this contrast tell us?" Washington Post: "Administration Weighs More Foreclosure Aid &hellip; A top Treasury Department official told a Senate panel yesterday that the government is considering a proposal to allow homeowners to stay in their home as renters after a foreclosure." Washington Post: "Consumer Groups Praise Idea of Financial Protection Agency &hellip; The Obama administration's push to create a Consumer Financial Protection Agency, the subject of sharp criticism from many in the financial and business world, found a chorus of support on Capitol Hill yesterday as consumer advocates praised the proposal in testimony before the House Financial Services Committee." Washington Post, Pearlstein: "Where the Payoffs Are Big, So Are the Paychecks &hellip; Certainly we're all better off now that some banks are healthy enough to remove themselves from government life support and pay back the Treasury loans. And if well-run banks can again earn an honest profit by taking smart risks and restoring the flow of capital into the markets -- well, that's what capitalism is all about." USA Today: "Financial struggles of lender CIT to 'test capital markets' &hellip; The U.S. financial system could be about to get one of its first big gut checks since the failure of Lehman Bros., as stock and bond investors await the fate of struggling lender CIT." USA Today: "Housing rescue plan gets slow start as loan modifications drag &hellip; About 325,000 homeowners have been offered mortgage modifications since the Obama administration launched its housing rescue program in March &mdash; far fewer than the number who have fallen into foreclosure in that time, officials said Thursday." The Nation: "Dismantling the Temple &hellip; The financial crisis has propelled the Federal Reserve into an excruciating political dilemma. The Fed is at the zenith of its influence, using its extraordinary powers to rescue the economy. Yet the extreme irregularity of its behavior is producing a legitimacy crisis for the central bank. The remote technocrats at the Fed who decide money and credit policy for the nation are deliberately opaque and little understood by most Americans. For the first time in generations, they are now threatened with popular rebellion." Times of London: "Leave the bankers alone to their bonuses &hellip; We may wish to extract a terrible revenge on financiers &mdash; but the truth is that we would be even poorer without them." Reuters: "Lawmakers slam Paulson on BofA-Merrill deal &hellip; U.S. lawmakers on Thursday ripped into former Treasury Secretary Henry Paulson over the government's role in Bank of America's merger with Merrill Lynch and other actions to cope with the deep financial crisis that gripped the country last year." Bloomberg: "U.S. House Passes Bill Making GM, Chrysler Rehire Car Dealers &hellip; The U.S. House approved a plan, opposed by President Barack Obama, that seeks to force General Motors Co. and Chrysler Group LLC to restore agreements with dealerships shed during the automakers' bankruptcy proceedings."